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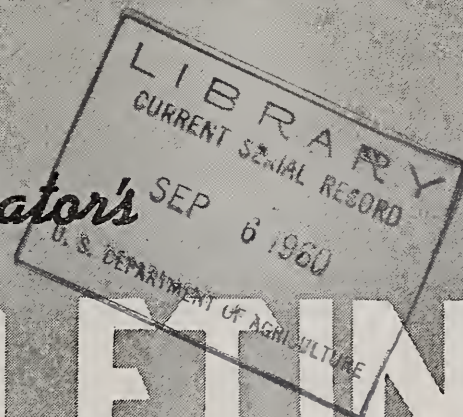
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Frank W. Linder

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Sales of Whole Milk Increased In 1959 Despite A Decline In Milk Output

For a number of years sales of whole milk to plants by farmers have increased more rapidly than production of milk. This reflects farmers' use of less milk in households, less for direct retailing, and less for sale as farm-separated cream. Total sales to plants of whole milk by farmers in 1959 reached 100.7 billion pounds, a new record high compared with 99.6 billion pounds in 1958.

The trend toward increased marketings of whole milk to plants and dealers by farmers has been under way for more than a quarter of a century. Sales to plants of whole milk of 100.7 billion in 1959 compares with 26 billion pounds in 1924. On the other hand, sales of farm-separated cream have decreased from a peak of 36.5 billion pounds, milk equivalent, in 1933 to 9.8 billion pounds in 1959.

Several factors have contributed to the near-revolution in farmers' method of selling milk. Cash farm return has been greater from sale of whole milk than from farm-separated cream. The market for whole milk has expanded as facilities for receiving and processing whole milk have become more generally available, and bulk transportation, together with improved highways, have made it possible to move milk greater distances. On many farms, an important motivating element has been the desire to eliminate the labor entailed in farm separation of cream. Finally, be-

cause of the reduction in number of farms keeping milk cows, farm families in the aggregate are using less milk in their households.

The shift away from farm separation of milk has resulted in a significant increase in the proportion of butter made from factory-separated milk. The volume of butter made from factory-separated milk first exceeded the quantity of butter made from farm-separated cream in 1956. Substantial shifts have occurred each year since. In 1959, apparently about 66 percent of creamery-made butter was made from factory-separated milk and only 34 percent from farm-separated cream.

On a milkfat basis, farmers now are selling more than 90 percent of the milk they produce, compared with less than 75 percent in the 1920's; in terms of milk solids-not-fat the shift has been far more pronounced. Most of the skim milk obtained in the farm separation of cream is fed to livestock. Since farm-separated cream has declined from around 50 percent of total milk equivalent of sales in the mid-1930's to less than 10 percent currently, it is apparent that a relatively much greater proportion of milk solids-not-fat produced by farmers is now reaching the commercial market. This increased supply has gone into several products, although the main outlet is nonfat dry milk, which is one of the items purchased by the CCC under-

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Consumption of Whole Milk Steady; Skim Products Up, Cream Down

Consumption of the different fluid milk products per capita have shown diverse trends in recent years. Consumption of cream, milk equivalent basis, particularly has shown a significant decline for a number of years, reflecting both a drop in the fat content of cream and a decline in the quantity on a product weight basis.

The decline in use of cream reflects a conscious effort on the part of many consumers to reduce the intake of fats.

Use of fluid skim milk products is expanding each year. This is the result of an increased appreciation of the importance of milk solids-not-fat in diets. These products offer consumers a means of getting this constituent of milk without fat. Some skim milk products are "fortified" with added quantities of milk solid-not-fat over and above that which is found in milk as produced. However, a substantial and apparently growing proportion of this kind of milk has small amounts of fat included in order to make it more nearly resemble whole milk in appearance and taste. Such a product is often called low-fat milk.

Per capita consumption of fluid whole milk products measured on a milk equivalent basis in 1959 declined to a postwar low of 341 pounds. This compared with 343 pounds a year earlier and between 348 and 352 pounds in the 10 years from 1949 to 1958. Although consumption data on the individual milk and cream products are not available for the United States as a whole, data are available for a limited

(Continued on the back page)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$3.53	\$3.44	\$3.62
Producers' Uniform Price (4%)	3.885	3.79	3.98
Class I (3.5%)	4.208	4.132	4.307
Class II (3.5%)	3.808	3.732	3.907
Class III (3.5%)	3.506	3.508	3.493
Class IV (3.5%)	2.886	2.888	2.873
Producer Butterfat Differential for each 1/10%	.071	.070	.072

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	68.3	67.4	69.8
" " " B.F. " " I	67.1	64.9	69.1
" " " Milk " " II	7.5	7.1	7.9
" " " B.F. " " II	2.4	2.3	2.5
" " " Milk " " III	3.3	2.7	4.0
" " " B.F. " " III	4.4	3.3	6.0
" " " Milk " " IV	20.9	22.8	18.3
" " " B.F. " " IV	26.1	29.5	22.4

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	29,844,239	33,354,543	29,782,303
Average Daily Class I Producer Milk	679,644	724,918	692,796
Total Number of Producers	1,657	1,673	1,760
Average Daily Production per Producer	600	643	564
Average Butterfat Test	3.69	3.75	3.64
Total Value of Producer Milk at Test	\$1,195,728.94	\$1,324,408.71	\$1,213,036.61
Income per Producer (7 Day Average)	\$168.38	\$178.76	160.82

GROSS CLASS USE (Pounds)

Class I Skim	19,649,073	21,660,097	20,033,772
" I B.F.	740,256	812,353	750,110
" I Milk	20,389,329	22,472,450	20,783,882
" II Skim	2,220,493	2,337,512	2,323,255
" II B.F.	26,620	28,313	26,841
" II Milk	2,247,113	2,365,825	2,350,096

AVERAGE DAILY SALES (Quarts)

Milk	275,281	284,980	283,751
Buttermilk	5,597	5,359	7,199
Chocolate	12,010	16,125	13,845
Skim	10,849	11,655	11,244
Cream	8,628	8,572	8,309

June 1960	May 1960	June 1959
\$3.53	\$3.44	\$3.62
3.885	3.79	3.98
4.208	4.132	4.307
3.808	3.732	3.907
3.506	3.508	3.493
2.886	2.888	2.873
.071	.070	.072
68.3	67.4	69.8
67.1	64.9	69.1
7.5	7.1	7.9
2.4	2.3	2.5
3.3	2.7	4.0
4.4	3.3	6.0
20.9	22.8	18.3
26.1	29.5	22.4
29,844,239	33,354,543	29,782,303
679,644	724,918	692,796
1,657	1,673	1,760
600	643	564
3.69	3.75	3.64
\$1,195,728.94	\$1,324,408.71	\$1,213,036.61
\$168.38	\$178.76	160.82
19,649,073	21,660,097	20,033,772
740,256	812,353	750,110
20,389,329	22,472,450	20,783,882
2,220,493	2,337,512	2,323,255
26,620	28,313	26,841
2,247,113	2,365,825	2,350,096
275,281	284,980	283,751
5,597	5,359	7,199
12,010	16,125	13,845
10,849	11,655	11,244
8,628	8,572	8,309

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



JUNE 1951-'60

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1951.....	21,773,407	3.89	57.7	30.0	12.3	—	4.32	4.866	4.466	3.720	—	2,105	345
1952.....	22,687,971	3.84	63.4	30.0	6.6	—	4.12	4.382	3.982	3.556	—	2,110	358
1953.....	24,355,409	3.80	61.7	24.4	13.9	—	3.92	4.523	4.123	3.477	—	2,220	366
1954.....	25,666,979	3.80	61.9	7.1	16.3	14.7	3.35	4.106	3.706	3.206	3.029	2,163	396
1955.....	26,831,726	3.72	62.7	7.2	12.8	17.3	3.48	4.209	3.809	3.312	3.133	2,081	430
1956.....	28,016,984	3.73	61.6	8.3	12.4	17.7	3.86	4.811	3.951	3.382	3.205	2,049	456
1957.....	27,823,794	3.64	66.3	7.4	15.3	11.0	3.71	4.392	3.992	3.492	3.068	1,905	487
1958.....	27,893,568	3.66	64.2	7.0	9.9	18.9	3.40	4.069	3.669	3.269	2.847	1,816	512
1959.....	29,782,303	3.64	69.8	7.9	4.0	18.3	3.62	4.307	3.907	3.493	2.873	1,760	564
1960.....	29,844,239	3.69	68.3	7.5	3.3	20.9	3.53	4.208	3.808	3.506	2.886	1,657	600

Milk Equivalent of Purchases Under That of A Year Earlier

Purchases of butter by the CCC under the Price Support Program in recent weeks have been equal to or a little above those of a year earlier. However, in the early weeks of this marketing year which began April 1, purchases averaged under those of last year. In April and May the CCC purchased a total of 38.5 million pounds of butter, compared with 40.4 million a year earlier. For cheese, purchases have been made in only one week of this marketing year. The total of 63,000 pounds was far below the 11 million pounds purchased in the first 2 months of 1959-60. The milk equivalent of these two items combined for the first 2 months of 1960-61 marketing year is about 821 million pounds, compared with 966 million pounds in the first 2 months of 1959.

The Department of Agriculture contracts to buy nonfat dry milk on two bases: In bulk containers at announced prices for immediate delivery and in small containers on a bid basis for delivery over several months ahead. The quantities scheduled for delivery more accurately reflect the quantities removed from the market in each month than the contracts made during such months. In the first two months of this marketing year a total of 182 million pounds of product was scheduled to be delivered to CCC compared with 192 million a year earlier. The reason for the smaller quantity this year is that CCC purchases were relatively large in March, before CCC adopted the policy of no longer paying a higher price for nonfat dry milk in

barrels and drums.

Purchases of milk products under the support program, milk equivalent on a fat solids basis was the highest during the 1953-54 marketing year, when they accounted for 9.8 percent of production. They then declined to 4.1 percent in 1956-57, increased to 5.5 percent in 1957-58, and then declined steadily to less than 3 percent in the marketing year ended March 31, 1960. A somewhat different picture is presented when the milk products purchased are combined in terms of the milk solids-not-fat. On this basis the largest purchases were made in 1957-58-8.4 percent of production. The decline has been much smaller than for milkfat, dropping only to 7.5 percent of production in 1959-60.

Use of Manufacturing Milk Increased

Partly because of the larger output of milk, use in all products except in evaporated milk was above a year earlier during the first 4 months of 1960. The biggest increase, in terms of milk used, was for creamery butter. The total quantity used in making cheese exceeded that of a year ago, with American cheese up 1 percent and "other" cheese up 10 percent. A decline in output of evaporated milk is a continuation of long-term downtrends in both domestic consumption and exports. Dry whole milk production has been up considerably so far in 1960. Production of frozen dairy products, which is gauged closely to current consumption, ran in excess of a year earlier in the first quarter of 1960, but April was equal to last year.

The increase in total quantity of milk used in making manufactured dairy products in the first 4 months of 1960 apparently exceeds slightly the increase in production of milk. This suggests that there was no increase, and possibly a slight decline in the aggregate consumption of fluid milk products combined on a milk equivalent basis.

With the improved supply-demand balance for milk products during the closing months of 1959, prices of both American cheese and butter rose above the equivalent of support prices. As production of milk and butter increased seasonally, butter prices dropped back to the equivalent of support levels by early 1960. Wholesale prices for cheese, on the other

hand, continued moderately above the support levels until mid-April. Throughout this period, production of butter showed a substantial increase over a year earlier, while cheese production ranged from considerably smaller to a little larger. In recent weeks, cheese production has been very slightly under that of a year earlier, while output of butter has averaged several percent above that of 1959.

Production of nonfat dry milk has reached as unprecedented level this year. Output in January was 8 percent above January 1959, but this increase tapered off to 2 percent for April. For the first 4 months, a record total of 655 million pounds was produced, compared with 606 million a year earlier.

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Sales of Whole Milk Increased . . . (Continued from Page One)

the Price Support program. Many more years will be required to convert completely to the sale of whole milk by farmers, since the rate of shift may be less rapid in the next decade than in the last. If the 9.8 billion pounds of milk separated on farms in 1959 had reached commercial markets in whole form, and all of the milk solids-not-fat had been made into nonfat dry milk, the production of this item would have been larger by 810 million pounds, or by 47 percent.

Farm marketings of milk in all forms in 1959 totaled 112.6 billion pounds. Farmers received an average for all methods of sale equivalent to \$4.09 per hundred-weight. Producers' cash receipts for milk products increased from \$4,561 million in 1958 to \$4,610 million in 1959. The average receipts per farm selling milk, however, probably increased substantially more than this would indicate, since the number of farms selling milk apparently declined substantially further. With receipts from the sale of animals for meat added to those from milk and butterfat, the 1959 income per farm keeping milk cows more than likely reached a new record high.

Expenses necessarily also were larger, though the increase was less than that of cash receipts on a single enterprise basis. Prospects for 1960 point to somewhat larger sales of milk by farmers than in 1959, and prices will average nearly as high, thereby probably giving a new record for total cash receipts from the sale of milk and butterfat.

Market Quotations

June
1960

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.000
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.8100
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.800
Evaporated Milk Code Price, 3.5% per Cwt.	2.760
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.0331
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.006
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.030
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State) and North Central Ohio)	2.904
Average Weekly Cheddars price per lb.	.32000
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.13581
Average price per lb. 92-score butter at Chicago	.57974
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.12755

Cheese Consumption Increases

A number of measures have been taken to promote greater per capita consumption of the different varieties of cheese by Americans. These include expanded merchandising efforts, more suitable packages, and in some cases the preparation of more acceptable forms. Per capita consumption of all varieties of cheese other than American cheese for which separate data are available has increased over the past 15 years, except for limburger. The biggest increase since the War has occurred for cottage cheese, which rose from 2.6 pounds in 1947 to 5.2 pounds in 1959. Use of American cheese has fluctuated between 5.2 and 5.5 pounds in the past 12 years. Consumption of cheese per capita, other than cottage cheese, was 8.0 pounds in 1959, compared with a record of 8.1 pounds in 1958 and less than 7 pounds in the late 1940's.

Consumption of Whole Milk . . . (continued from page one)

number of individual markets. The report dealing with fluid milk and cream in selected marketing areas of the United States, for the years 1956, 1957 and 1958, was released in early June. For whole milk products, 23 out of the 39 markets showed small decreases from 1957 to 1958. For the same markets, 36 areas recorded decreases in per capita consumption of cream. On the other hand, for skim milk products nearly half of the 38 markets showed some increase in usage.

Retail prices for fluid milk are running a little above a year earlier, but consumer incomes also are higher. This suggests no material change in the level of consumption of fluid milk products this year. However, the long-term trends probably will manifest themselves through further small additional changes during 1960.